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OFFICE OF PETITIONS

In re Patent No. 5,784,808 :
Issued: July 28, 1998 :
Application No. 08/714,964 :
Filed: September 17, 1996 :
Attorney Docket No. AD9027US (99413.1) :

ON RENEWED PETITION

This is a decision on the petition under 37 CFR 1.378(e), filed September 21, 2009, to reinstate the above-identified patent.

The renewed petition is DENIED¹.

BACKGROUND

The record reflects that:

- on July 28, 1998, United States non-provisional patent application 08/714,964 matured into the subject patent 5,784,808.
- the 7.5 year maintenance fee could have been paid from July 28, 2005 to January 28, 2006, or with a surcharge, as authorized by 37 CFR 1.20(h), during the period from January 29, 2006, through July 28, 2006.
- the 7.5-year maintenance fee was not timely paid and the subject patent expired at midnight on July 28, 2006.
- on March 4, 2009, a petition under 37 CFR 1.378(b) was filed. The petition was dismissed by a decision mailed March 23, 2009.
- on April 30, 2009, the instant petition under 37 CFR 1.378(e) was filed.

¹This decision may be viewed as a final agency action within the meaning of 5 U.S.C. § 704 for the purpose of seeking judicial review. See MPEP 1002.02.

- on August 13, 2009, a Request for Information was mailed allowing a non-extendable period for reply of two months from its mailing date.
- on September 21, 2009, a response to the Request for Information was filed.

STATUTES AND REGULATIONS

35 U.S.C. § 41(b) states, in pertinent part, that:

MAINTENANCE FEES.-- The Director shall charge the following fees for maintaining all patent based on applications filed on or after December 12, 1980:

- (1) 3 years and 6 months after grant, \$900.
- (2) 7 years and 6 months after grant, \$2,300.
- (3) 11 years and 6 months after grant, \$3,800.

Unless payment of the applicable maintenance fee is received in the United States Patent and Trademark Office in or before the date the fee is due or within a grace period of six months thereafter, the patent will expire as of the end of such grace period.

35 U.S. C. § 41(c)(1)

The Director may accept the payment of any maintenance fee required by subsection (b) of this section which is made within twenty-four months after the six month grace period if the delay is shown to the satisfaction of the Director to have been unintentional, or at any time after the six month grace period if the delay is shown to the satisfaction of the Director to have been unavoidable. The Director may require payment of a surcharge as a condition of accepting payment of any maintenance fee after the six-month grace period. If the Director accepts payment of a maintenance fee after the six month grace period, the patent shall be considered as not having expired at the end of the grace period.

35 U.S.C. § 41(h)(1)

Fees charged under subsection (a) or (b) shall be reduced by 50 percent with respect to their application to any small business concern as defined under section 3 of the Small Business Act, and to any independent inventor or non-profit organization as defined in regulations issued by the Director.

37 CFR 1.378(b)

Any petition to accept an unavoidably delayed payment of a maintenance fee filed under paragraph (a) of this section must include:

- (1) The required maintenance fee set forth in § 1.20(e) through (g);
- (2) The surcharge set forth in § 1.20(i)(1), and
- (3) A showing that delay was unavoidable since reasonable care was taken to ensure that the petition was filed promptly after the patentee was notified of, or otherwise became aware of, the expiration of the patent. The showing must enumerate the steps taken to ensure timely payment of the maintenance fee, the date and the manner in which patentee became aware of the expiration of the patent and the steps taken to file the petition promptly.

37 CFR 1.378(e)

Reconsideration of a decision refusing to accept a maintenance fee upon petition filed pursuant to paragraph (a) of this section may be obtained by filing a petition for reconsideration within two months of, or such other time as set the decision refusing to accept the delayed payment of the maintenance fee. Any such petition for reconsideration must be accompanied by the petition fee set forth in § 1.17(f). After the decision on the petition for reconsideration, no further review of the matter will be undertaken by the Director. If delayed payment of the maintenance fee is not accepted, the maintenance fee and the surcharge set forth in § 1.20(i) will be refunded following the decision on the petition for reconsideration, if none is filed. Any petition fee under this section will not be refunded unless the refusal to accept and record the maintenance fee is determined to result from error by the Patent and Trademark Office.

THE STANDARD

37 CFR 1.378(b)(3) is at issue in this case. Acceptance of a late maintenance fee under the unavoidable delay standard is considered under the same standard for reviving an abandoned application under 37 CFR 1.137(a). This is a very stringent standard. Decisions on reviving abandoned applications on the basis of “unavoidable delay have adopted the reasonably prudent person standard in determining if the delay was unavoidable: The word ‘unavoidable’...is applicable to ordinary human affairs, and requires no more or no greater care or diligence than is generally used and observed by prudent and careful men in relation to their most important business².

In addition decisions are made on a “case-by-case basis, taking all facts and circumstances into account.” Nonetheless, a petition cannot be granted where a petitioner has failed to meet his or her burden of establishing that the delay was “unavoidable³.”

² *In re Mattullath*, 38 App. D.C. 497, 514-515 (1912) (quoting *Ex parte Pratt*, 1887, Dec. Comm’r Pat. 31, 32-33 (1887)); see also *Winkler v. Ladd*, 221 F. Supp. 550, 138 U.S.P.Q. 666, 167-168 (D.D.C. 1963), aff’d, 143 U.S.P.Q. 172 (D.C. Cir. 1963); *Ex parte Henrich*, 1913 Dec. Comm’r Pat. 139, 141 (1913).

³ *Haines*, 673 F. Supp. at 316-317, 5 U.S.P.Q.2d at 1121-32.

An adequate showing that the delay in payment of the maintenance fee was unavoidable within the meaning of 35 U.S.C. 41(c) and 37 CFR 1.378(b)(3) requires a showing of the steps taken to ensure the timely payment of the maintenance fees for this patent. Where the record fails to disclose that the patentee took reasonable steps, or discloses that the patentee took no steps, to ensure timely payment of the maintenance fee, 35 U.S.C. 41(c) and 37 CFR 1.378(b)(3) precludes acceptance of the delayed payment of the maintenance fee under 37 CFR 1.378(b).

The burden of showing the cause of the delay is in on the person seeking to reinstate the patent⁴.

The Office must rely on the actions or inactions of duly authorized and voluntarily chosen representatives of the applicant, and the applicant is bound by the consequences of those actions or inactions⁵. Specifically, petitioner's delay caused by the mistakes or negligence of his voluntarily chosen representative does not constitute unavoidable delay within the meaning of 35 USC 133⁶.

The actions of the attorney are imputed to the client, for when a petitioner voluntarily chooses an attorney to represent him, the petitioner cannot later avoid the repercussions of the actions or inaction of this selected representative, for clients are bound by acts of their lawyers/agents, and constructively possess "notice of all facts, notice of which can be charged upon the attorney⁷."

Presuming for the purpose of discussion that it was an act/omission of Counsel that contributed to any of the delay herein, the act(s) omissions of the attorney/agent are imputed wholly to the applicant/client in the absence of evidence that the attorney/agent has acted to deceive the client. The actions or inactions of the attorney/agent must be imputed to the petitioners, who hired the attorney/agent to represent them. Link v. Wabash Railroad Co., 370 U.S. 626, 6330634, 82 S. Ct. 1386, 1390-91 (1962). The failure of a party's attorney to take a required action or to notify the party of its rights does not create an extraordinary situation. Moreover, the neglect of a party's attorney is imputed to that party and the party is bound by the consequences. See Huston v. Ladner, 973 F.2d 1564, 23 USPQ2d 1910 (Fed Cir. 1992); Herman Rosenberg and Parker Kalon Corp. v. Carr Fstener Co., 10 USPQ 106 (2d Cir. 1931).

PETITIONER'S ARGUMENT

Petitioner argues that the above-cited patent should be reinstated because the delay in paying the 7.5-year maintenance fee was unavoidable due to a docketing error that occurred in the offices of Richard E. Backus, the registered attorney charged with the responsibility of paying the 7.5-year

⁴ Id.

⁵ Link v. Wabash, 370 U.S. 626, 633-634 (1962).

⁶ Haines, 673 F. Supp. at 316-17, 5 U.S.P.Q.2d at 1131-32; Smith v. Diamond, 209 USPQ 1091 (D.D.C. 1982); Potter v. Dann, 201 USPQ 574 (D.D.C. 1978); Ex parte Murray, 1891 Dec. Comm'r Pat. 103, 131 (Comm'r Pat. 1891).

⁷ Link at 633-634.

maintenance fee for the subject patent. Petitioner states that the due dates for the 7.5-year and 11.5-year maintenance fee for the subject patent were somehow deleted from Mr. Backus' docketing system—Mac Panorama Database and, therefore, no reminder notice that the 7.5-year maintenance fee was coming due was generated. In support, petitioner filed declarations of Richard E. Backus, John P. Halberstadt, and Stan Hockerson.

OPINION

Petitioner's representative's explanation of the delay has been considered as well as the declarations of Mr. Backus, Mr. Halberstadt, and Mr. Hockerson. It has been determined that all fail to meet the standard for acceptance of a late payment of the maintenance fee and surcharge as set by 35 U.S.C. 41(c) and 37 CFR 1.378(b)(3).

By the instant renewed petition, petitioner's representative surmises that the failure to pay the 7.5-year maintenance fee resulted from an apparent docketing error that occurred under the auspices of Mr. Richard Backus who was responsible for tracking the maintenance fee payment schedule and facilitating payment of the maintenance fee on behalf of the assignee, Hockerson-Halberstadt, Inc. In support, petitioner's representative offers the statements of Mr. Richard E. Backus who states that:

[t]he docketing error, however, it occurred, was the cause of the delay in payment of the 2nd maintenance fee;

The reason the second maintenance fee was not paid was the result of a docketing error that occurred in my docketing system. I believe that the cause of the error was that the reminder for the second maintenance fee was deleted from my docket as a result of a computer error of some sort. I am the only individual that handles my docketing system, and therefore, the error likely occurred through my actions. I would not have deliberately deleted the reminder, but I cannot be sure how the reminder was deleted.

Excerpt taken from "*Supplemental Declaration of Richard E. Backus*", filed September 21, 2009, pg. 1.

It is noted that Mr. Backus' statement goes on to offer three possibilities of how the docketing error occurred which allegedly resulted in the failure to pay the 7.5-year maintenance fee. The three scenarios set forth by Mr. Backus for how the docketing error occurred are merely supposition and conjecture and offer little toward establishing that the failure to pay the 7.5-year maintenance fee was unavoidable. It is reasonable to question how one can establish that the error that caused the delay in paying the maintenance fee was unavoidable when one cannot affirmatively identify the error. The argument, as presented in the petition and supporting documents, is fatally flawed and statements of Mr. Backus, nor the explanation of petitioner's representative definitively identifies the cause of the docketing error. Petitioner's representative has further alleged that the assignee was not reminded to pay the 7.5-year maintenance fee because of failure of the docketing system of Mr. Backus. In support, statements from Mr. John

P. Halberstadt and Stan Hockerson provide the same iteration of facts. Specifically, Mr. Hockerson's statement provides, in pertinent part, that:

[a]s the inventor and the president of the assignee Hockerson-Halberstadt, Inc. (HHI") of the above-referenced patent, I relied on Mr. Richard Backus, our patent attorney, and no one else, to send us reminders regarding payment of maintenance fees in the patents that Mr. Backus handled for myself and HHI, including United States Patent No. 5,784,808 (the "808 Patent").

We did not receive a reminder letter from Mr. Backus regarding payment of the second maintenance fee in the '808 Patent. Because we did not receive any reminders from Mr. Backus to pay the maintenance fee. Had I or HHI received a reminder from Mr. Backus, we would have authorized him to pay the second maintenance fee in the '808 Patent.

Excerpt taken from "*Supplemental Declaration of Stan Hockerson*", filed September 21, 2009, pg. 1.

MPEP 711.03(c)(II)(C)(2), sets forth a circumstance whereby the actions of a clerical employee may be used to demonstrate unavoidable delay. While it is true that a mistake caused by a clerical employee may be used to show that the delay in payment of the maintenance fee was unavoidable, Mr. Backus was an attorney and not a docket clerk. Therefore, what has not been demonstrated by the record is that Mr. Backus was sufficiently trained in docketing practice to ensure that he would be reliable as a docket clerk. Merely sitting with a docket clerk and receiving instructions on docketing procedures is not sufficient to demonstrate proficiency with the clerical function of docketing. The record does not show that any review was made of Mr. Backus' work as a docket clerk to ensure that he would be reliable performing this task. As such, Mr. Backus' alleged failure relative to maintenance of his docketing system cannot be characterized as "unavoidable." It then follows that the granting of this petition is precluded.

Petitioner's argument that similarly situated petitioners have been treated differently is without merit. In particular, the facts presented in U.S. Patent No. 5,164,623 are readily distinguishable from the facts of the present case. In U.S. Patent No. 5,164,623 an attorney, who was not the chosen representative for the assignee, deceived the assignee in to believing that the address of the firm had changed. Thus, the assignee was denied the opportunity to be represented by his chosen counsel. As such, the assignee could not have been bound by the action of a party not freely chosen. Such is not the case in the instant patent.

CONCLUSION

For the reasons stated above, the petition under 37 CFR 1.378(e) is **DENIED**. Therefore, the patent will not be reinstated and remains expired.

As stated in 37 CFR 1.378(e), no further reconsideration or review of this matter will be undertaken.

Since this patent will not be reinstated, petitioner is entitled to a refund of the surcharge and the 7.5-year maintenance fee, but not the \$400.00 fee associated with the filing of the present renewed petition under 37 CFR 1.378(e). The money will be refunded to petitioner's deposit account in due course.

Telephone inquiries concerning this matter may be directed to Kenya A. McLaughlin, Petitions Attorney, at (571) 272-3222.

A handwritten signature in black ink, appearing to read 'Anthony Knight', is positioned above the printed name.

Anthony Knight
Director
Office of Petitions
United States Patent and Trademark Office